

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

UNADILLA TOWNSHIP

REPORT ON AUDIT
OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2005

UNADILLA TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - James Peterson
Treasurer - Bonnie Mahler
Clerk - Linda J. Topping

TOWNSHIP BOARD OF TRUSTEES

Warren Krueger
Lori Cowan

TOWNSHIP ATTORNEY

Foster, Swift, Collins & Smith, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

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July 15, 2005

Board of Trustees
Unadilla Township
126 Webb Street
P O Box 120
Gregory, Michigan 48137

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Unadilla Township as of and for the year ended March 31, 2005, which collectively comprise Unadilla Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Unadilla Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include financial data of the Gregory Volunteer Firemen, which should be included in order to conform with accounting principles generally accepted in the United States of America. See Note 11 for details regarding omission of this component unit.

In our opinion, except for the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Unadilla Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

In accordance with Government Auditing Standards, we have also issued our report dated July 15, 2005, on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note 8, the Township has implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2005.

The Management's Discussion and Analysis and other required supplementary information on pages 9 through 14 and 40 through 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Unadilla Township's basic financial statements. The accompanying supplementary is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis March 31, 2005

Within this section of Unadilla Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the current fiscal year ended March 31, 2005. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year were \$1,144,017. This is a \$163,837 increase over last year's net assets of \$980,180.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	<u>Governmental Activities</u>
Current and other assets	\$ 3,728,559
Capital assets	<u>190,396</u>
Total assets	<u>3,918,955</u>
Accounts payable and other accrued liabilities	12,702
Bonds payable	<u>2,762,236</u>
Total liabilities	<u>2,774,938</u>
Net assets:	
Invested in capital assets, net of related debt	190,396
Unrestricted	<u>953,621</u>
Total net assets	<u><u>\$ 1,144,017</u></u>

Summary of Changes in Net Assets

	Governmental Activities
Revenues:	
Program revenues	
Charges for services	\$ 78,659
Operating grants and contributions	5,390
Capital grants and contributions	22,975
General revenues	
State shared revenues	220,069
Property taxes	395,204
Interest income	133,957
Gain on sale of assets	69,374
Other income	12,499
Total revenues	<u>938,127</u>
Expenses	
General government	211,615
Fire protection	105,269
Police protection	219,482
Public works	110,822
Interest on long-term debt	127,102
Total expenses	<u>774,290</u>
Changes in net assets	163,837
Beginning net assets	<u>980,180</u>
Ending net assets	<u><u>\$ 1,144,017</u></u>

The overall financial status for the Township is strong with the Township adding to its net assets once again.

Financial Analysis of the Township's Funds

Unadilla Township reported four major funds for the year ended March 31, 2005. These funds included:

- General Fund
- Fire Fund
- Police Fund
- Sewer Debt Service Fund

The General Fund decreased its fund balance by \$85,509 during the year primarily due to the substantial transfers made to both the Fire Fund and Police Funds. These protective services were previously recorded in these funds, but will not be accounted for separately. These transfers represent the net revenues and expenses of these activities from current and previous fiscal years.

The Fire and Police Funds increased their fund balances substantially due to the transfers noted above. However, the Police Fund did report expenditures over revenues of \$63,269 for the year ended March 31, 2005.

The Sewer Debt Service Fund increased its fund balance by \$31,680 for the fiscal year. This is typical for this fund as it is still approximately 3 years since the sale of the bonds and related special assessment. As the bonds near maturity the Township can expect expenditures to exceed revenues since the interest rate on the debt will likely exceed the interest rate on cash equivalents.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made several immaterial amendments during the year to bring it closer to economic reality. Appropriations exceeded actual expenditures by \$14,412.

Capital Asset and Debt Administration

The Township sold the land/building which previously housed the Township hall during the fiscal year ended March 31, 2005. The Township realized a \$69,374 of gain on the basic financial statements for the \$168,627 of proceeds received.

The fire department did acquire an air pack filling station during the year totaling \$25,528. This was the Township's sole capital asset purchased made during the year.

The Township extinguished \$153,242 of the \$2,915,478 that was outstanding from the previous year for the Township residents' participation in an area sewer authority.

Economic Conditions and Future Activities

Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Unadilla Township at 126 Webb Street, P.O. Box 420, Gregory, Michigan 48137.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

UNADILLA TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2005

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<u>ASSETS</u>	
ASSETS	
Cash and cash equivalents	\$ 1,602,916
Receivables	
Accounts	2,377
Special assessments	2,054,945
State shared revenues	33,010
Taxes	35,311
Capital assets:	
Land	6,000
Buildings and improvements	318,000
Vehicles and equipment	394,986
Less accumulated depreciation	<u>(528,590)</u>
Total assets	<u>3,918,955</u>
<u>LIABILITIES</u>	
LIABILITIES	
Accounts payable	7,650
Payroll taxes payable	5,052
Bonds payable	
Current	153,242
Non-current	<u>2,608,994</u>
Total liabilities	<u>2,774,938</u>
<u>NET ASSETS</u>	
NET ASSETS	
Invested in capital assets, net of related debt	190,396
Unrestricted	<u>953,621</u>
Total net assets	<u>\$ 1,144,017</u>

The notes are an integral part of the financial statements.

UNADILLA TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating</u>
		<u>Services</u>	<u>Grants and</u>
			<u>Contributions</u>
Governmental activities:			
General government	\$ (211,615)	\$ 64,127	\$
Fire protection	(105,269)	1,926	3,800
Police protection	(219,482)	7,003	835
Public works	(110,822)	5,603	755
Interest/fees on long-term debt	(127,102)		
	<u>(774,290)</u>	<u>78,659</u>	<u>5,390</u>
Total governmental activities	<u>\$ (774,290)</u>	<u>\$ 78,659</u>	<u>\$ 5,390</u>

General Revenues:
Property taxes
State shared revenues
Unrestricted investment earnings
Rental income
Other income
Gain on sale of capital assets

Total general revenues

Changes in net assets

Net assets, April 1, 2004

Net assets, March 31, 2005

The notes are an integral part of the financial statements.

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<u>Programs</u>	
<u>Revenues</u>	
<u>Capital</u>	
<u>Grants and</u>	
<u>Contributions</u>	<u>Total</u>
\$	\$
22,975	(147,488)
	(76,568)
	(211,644)
	(104,464)
	(127,102)
<u>\$ 22,975</u>	<u>(667,266)</u>

395,204
220,069
133,957
2,700
9,799
<u>69,374</u>
<u>831,103</u>
163,837
<u>980,180</u>
<u>\$ 1,144,017</u>

FUND
FINANCIAL
STATEMENTS

UNADILLA TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Sewer Debt Service</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 355,225	\$ 189,490	\$ 132,954	\$ 917,776
Receivables				
Special assessments				2,054,945
Taxes	15,323	7,654	11,480	
State shared revenues	33,010			
Accounts	1,001			
Due from other funds	<u>1,375</u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 405,934</u>	<u>\$ 197,144</u>	<u>\$ 144,434</u>	<u>\$ 2,972,721</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 4,445	\$ 1,143	\$ 1,464	\$
Payroll taxes payable	5,052			
Deferred revenue	<u> </u>	<u> </u>	<u> </u>	<u>2,025,727</u>
Total liabilities	<u>9,497</u>	<u>1,143</u>	<u>1,464</u>	<u>2,025,727</u>
FUND BALANCE				
Unreserved	396,437	196,001	142,970	
Reserved for debt service	<u> </u>	<u> </u>	<u> </u>	<u>946,994</u>
Total fund balances	<u>396,437</u>	<u>196,001</u>	<u>142,970</u>	<u>946,994</u>
Total liabilities and fund balance	<u>\$ 405,934</u>	<u>\$ 197,144</u>	<u>\$ 144,434</u>	<u>\$ 2,972,721</u>

The notes are an integral part of the financial statements.

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Other Non-major Funds	Total
\$ 7,471	\$ 1,602,916
	2,054,945
854	35,311
	33,010
	1,001
<u>1</u>	<u>1,376</u>
<u>\$ 8,326</u>	<u>\$ 3,728,559</u>

\$ 598	\$ 7,650
	5,052
<u></u>	<u>2,025,727</u>
<u>598</u>	<u>2,038,429</u>

7,728	743,136
<u></u>	<u>946,994</u>
<u>7,728</u>	<u>1,690,130</u>
<u>\$ 8,326</u>	<u>\$ 3,728,559</u>

UNADILLA TOWNSHIP
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
MARCH 31, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,690,130
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Historical cost	\$ 718,986	
Depreciation	<u>(528,590)</u>	
Capital assets, net of depreciation		190,396
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable		(2,762,236)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are are income as they are assessed.		<u>2,025,727</u>
Net assets of governmental activities		<u>\$ 1,144,017</u>

The notes are an integral part of the financial statements.

UNADILLA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Sewer Debt Service</u>
REVENUES				
Taxes	\$ 155,829	\$ 95,758	\$ 143,617	\$
Special assessments				307,895
State shared revenues	220,069			
Licenses and permits	21,071			
Fines and forfeitures			2,873	
Grant income	755	26,775	435	
Rental income	2,700			
Charges for services	43,056	1,926		
Interest	5,631	919	27	4,128
Donations			400	
Sale of assets	168,627			
Miscellaneous	<u>9,799</u>			
Total revenues	<u>627,537</u>	<u>125,378</u>	<u>147,352</u>	<u>312,023</u>
EXPENDITURES				
General government	219,777			
Fire protection		119,666		
Police protection			210,621	
Public works	103,463			
Debt service				<u>280,343</u>
Total expenditures	<u>323,240</u>	<u>119,666</u>	<u>210,621</u>	<u>280,343</u>
Excess of revenues over (under) expenditures	304,297	5,712	(63,269)	31,680
OTHER FINANCING SOURCES (USES)				
Transfers in		190,289	204,870	
Transfers (out)	<u>(389,806)</u>			
Total other financing sources (uses)	<u>(389,806)</u>	<u>190,289</u>	<u>204,870</u>	
Excess of revenues over (under) expenditures and other financing sources (uses)	(85,509)	196,001	141,601	31,680
FUND BALANCE, APRIL 1, 2004	<u>481,946</u>		<u>1,369</u>	<u>915,314</u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 396,437</u>	<u>\$ 196,001</u>	<u>\$ 142,970</u>	<u>\$ 946,994</u>

The notes are an integral part of the financial statements.

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Certified Public Accountants

Other Non-major Funds	Total
\$	\$ 395,204
5,603	313,498
	220,069
	21,071
4,130	7,003
	27,965
	2,700
	44,982
49	10,754
	400
	168,627
	<u>9,799</u>
<u>9,782</u>	<u>1,222,072</u>
	219,777
	119,666
4,002	214,623
7,359	110,822
<u>1</u>	<u>280,344</u>
<u>11,362</u>	<u>945,232</u>
(1,580)	276,840
590	395,749
<u>(5,943)</u>	<u>(395,749)</u>
<u>(5,353)</u>	
(6,933)	276,840
<u>14,661</u>	<u>1,413,290</u>
<u>\$ 7,728</u>	<u>\$ 1,690,130</u>

UNADILLA TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds	\$ 276,840
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:	
Capital outlay	\$ 25,528
Depreciation expense	<u>(17,762)</u>
Net	7,766
Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
Repayment of:	
Bonds payable	153,242
Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities	
Principle collected on assessments	(184,692)
The Statement of Activities reports a gain or loss on the sale of the assets based on the proceeds received and the net book value of the assets at the time of sale. The fund statements strictly uses the proceeds as revenues. Those differences include:	
Historical cost of asset disposed	(139,600)
Accumulated depreciation of disposed asset	<u>50,281</u>
Net book value of disposed asset	<u>(89,319)</u>
Change in net assets of governmental activities	<u>\$ 163,837</u>

The notes are an integral part of the financial statements.

UNADILLA TOWNSHIP
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2005

	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSET			
Cash	\$ 2,723	\$ 764	\$ 3,487
Due from others	<u> </u>	<u>785</u>	<u>785</u>
Total assets	<u>\$ 2,723</u>	<u>\$ 1,549</u>	<u>\$ 4,272</u>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 21	\$ 1,355	\$ 1,376
Due to others	<u>2,702</u>	<u>194</u>	<u>2,896</u>
Total liabilities	<u>\$ 2,723</u>	<u>\$ 1,549</u>	<u>\$ 4,272</u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Unadilla Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the Township's fire protection services. This fund is primarily funded through a special separately elected millage.

The Police Fund accounts for the Township's police protection services. This fund is primarily funded through a special separately elected millage.

The Sewer Debt Service Fund accounts for the debt service related to bonds issued to connect to an area sewer authority.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY DATA

The Township's original budget was adopted prior to April 1, 2004. A budget was adopted for the General, Fire, and Police Funds. Amendments made during the fiscal year are reflected in the budget column.

The Township adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations.

No budgets were prepared for several special revenues funds which is a requirement of Public Act 493 of 2000. A deficit was budgeted for both the Fire and Police Funds. This is a violation of Public Act 493 of 2000.

For the year ended March 31, 2005, expenditures exceeded appropriations in the following functional activities:

	<u>Budget</u>	<u>Actual</u>	<u>Expenditures in Excess of Budget Appropriations</u>
GENERAL FUND			
Zoning	\$ 22,620	23,060	\$ 440
Unallocated	35,450	35,966	516

No budget was prepared for street lighting, police training or dust control.

E. PROPERTY TAX REVENUE RECOGNITION

The Township property tax is levied each December 1 on the taxable value of property located in the Township as of the preceding December 31. Assessed values are established annually by the county and are equalized by the state at an estimated 50 percent of current market value. Real and personal property in the Township for the 2004 levy was assessed and equalized at \$95,602,611, representing 50 percent of estimated current market value. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection. Information related to the 2004 tax levy is as follows:

	<u>Millage Rate</u>
Township Operations	\$.8023
Roads	.8249
Fire equipment	1.5000
Police	<u>1.0000</u>
Total Township millage	<u>\$ 4.1272</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

H. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

I. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - FINANCIAL REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations are not considered to be part of the reporting entity for financial statement purposes.

The criteria established by GASB Statement No. 39 for various governmental organizations to be included in the reporting entity's financial statements include accountability, control, and significant financial relationships.

The accompanying financial statements of Unadilla Township as of March 31, 2005, include any and all boards, agencies, funds and account groups under the jurisdiction of the Unadilla Township Board.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The Township has several interfund receivables and payables at March 31, 2005. These are short-term in nature and are expected to be repaid within the next fiscal year. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 1,354	Current tax	\$ 1,354
General	<u>21</u>	Trust and Agency	<u>21</u>
Total	<u>\$ 1,375</u>	Total	<u>\$ 1,375</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
Land	\$ 12,700	\$	\$ (6,700)	\$ 6,000
Buildings and improvements	450,900		(132,900)	318,000
Vehicles and equipment	<u>369,458</u>	<u>25,528</u>		<u>394,986</u>
Total capital assets	833,058	25,528	(139,600)	718,986
Accumulated depreciation	<u>(561,109)</u>	<u>(17,762)</u>	<u>50,281</u>	<u>(528,590)</u>
Governmental activities capital asset, net	<u>\$ 271,949</u>	<u>\$ 7,766</u>	<u>\$ (89,319)</u>	<u>\$ 190,396</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

General government	\$ 1,772
Fire protection services	11,131
Police protection services	<u>4,859</u>
	<u>\$ 17,762</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 5 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers acceptance of United States banks, commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 400,000	\$ 400,000
Uninsured and uncollateralized	<u>1,206,403</u>	<u>1,229,823</u>
Total deposits	<u>\$ 1,606,403</u>	<u>\$ 1,629,823</u>

The carrying amount above includes funds from:

Primary government	\$ 1,602,916
Fiduciary funds	<u>3,487</u>
Total carrying amount	<u>\$ 1,606,403</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6 - LONG-TERM OBLIGATIONS

1. Loan payable to Washtenaw County, dated January 1, 2002, to finance the expansion of the Multi-Lakes Sanitary Sewer System. Unadilla's portion of the liability is 29.387%. The loan is payable in annual principal installments ranging from \$88,161 to \$132,242 through 2020, plus interest in semi-annual installments ranging from 3.00% to 5.00%.
2. Special assessment bonds Series 2002A payable to United States Department of Agriculture, dated March 1, 2002 to finance construction costs of the Gregory Sewer System. Payable in annual principal installments ranging from \$20,000 graduating to \$21,000 through 2042, plus interest in semi-annual installments fixed at 4.5%.
3. Special assessments bond Series 2002B payable to United States Department of Agriculture, dated March 1, 2002 to finance construction costs of the Gregory Sewer System. Payable in annual principal installments ranging from \$1,000 graduating to \$2,000 through 2042, plus interest in semi-annual installments fixed at 4.5%.

A summary of these long-term obligations as of March 31, 2005, and transactions during the year then ended are as follows:

	Balance at 4/1/04	Increase	Decrease	Balance at 3/31/05
2002 Multi Lakes	\$ 2,086,478	\$	\$ 132,242	\$ 1,954,236
2002 A Special Assessment	770,000		20,000	750,000
2002 B Special Assessment	59,000		1,000	58,000
	<u>\$ 2,915,478</u>	<u>\$</u>	<u>\$ 153,242</u>	<u>\$ 2,762,236</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The following is a schedule of principal and interest payments to service the long-term obligations of the Township:

<u>Fiscal (years)</u>	<u>2002 Multi-Lakes</u>			<u>2002 A Special Assessment</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2005 - 2006	\$ 83,391	\$ 132,242	\$ 215,633	\$ 33,750	\$ 20,000	\$ 53,750
2006 - 2007	79,010	132,242	211,252	32,850	20,000	52,850
2007 - 2008	74,051	132,242	206,293	31,950	20,000	51,950
2008 - 2009	68,679	132,242	200,921	31,050	20,000	51,050
2009 - 2010	63,141	132,242	195,383	30,150	20,000	50,150
2010 - 2015	237,080	587,740	824,820	137,250	100,000	237,250
2015 - 2020	335,504	587,740	923,244	114,750	100,000	214,750
2020 - 2025	2,939	117,546	120,485	92,250	100,000	192,250
2025 - 2030				69,750	100,000	169,750
2030 - 2035				47,115	103,000	150,115
2035 - 2040				23,625	105,000	128,625
2040 - 2042				2,835	42,000	44,835
Totals	<u>\$ 943,795</u>	<u>\$ 1,954,236</u>	<u>\$ 2,898,031</u>	<u>\$ 647,325</u>	<u>\$ 750,000</u>	<u>\$ 1,397,325</u>

<u>Fiscal (years)</u>	<u>2002 B Special Assessment</u>			<u>Total</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2005 - 2006	\$ 2,610	\$ 1,000	\$ 3,610	\$ 119,751	\$ 153,242	\$ 272,993
2006 - 2007	2,565	1,000	3,565	114,425	153,242	267,667
2007 - 2008	2,520	1,000	3,520	108,521	153,242	261,763
2008 - 2009	2,475	1,000	3,475	102,204	153,242	255,446
2009 - 2010	2,430	1,000	3,430	95,721	153,242	248,963
2010 - 2015	11,475	5,000	16,475	385,805	692,740	1,078,545
2015 - 2020	10,350	5,000	15,350	460,604	692,740	1,153,344
2020 - 2025	8,955	9,000	17,955	104,144	226,546	330,690
2025 - 2030	6,750	10,000	16,750	76,500	110,000	186,500
2030 - 2035	4,500	10,000	14,500	51,615	113,000	164,615
2035 - 2040	2,250	10,000	12,250	25,875	115,000	140,875
2040 - 2042	270	4,000	4,270	3,105	46,000	49,105
Totals	<u>\$ 57,150</u>	<u>\$ 58,000</u>	<u>\$ 115,150</u>	<u>\$ 1,648,270</u>	<u>\$ 2,762,236</u>	<u>\$ 4,410,506</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 7 - EMPLOYEE RETIREMENT PLAN

The Township participates in the Manulife Defined Contribution Pension Plan Group No. 60571 for Michigan Township employees. This is a single-employer plan. All members of the Township Board are included in the plan. The Township contributes 7.50% of participant's compensation, while an employee contributes 7.50% of compensation. Annual compensation used to determine the current year contribution is as of April 1, preceding the year. Contribution information is as follows:

ACCOUNT VALUE AT DECEMBER 31, 2004	<u>\$ 61,533</u>
TOTAL CURRENT YEAR CONTRIBUTIONS	<u>\$ 4,899</u>

These balances reflect contributions for the period from January 1, 2004 to December 31, 2004. The current year employer contribution for the year ended March 31, 2005, was not available.

NOTE 8 - IMPLEMENTATION OF GASB STATEMENT NO. 34

The Township has implemented the standards required by GASB Statement No. 34 for the year ended March 31, 2005. All required statements and disclosures have been included in the basic financial statements.

NOTE 9 - FEDERAL GRANT ACTIVITIES

Unadilla Township was a recipient of a rural development grant from the USDA for construction of the Gregory Sewer System. The remaining 25% of the project cost was loaned to the Township and is being paid back over 40 years. The grant received is subject to financial and compliance audits by the grantors or their representatives.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 10 - RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,690,130
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Historical cost	\$ 718,986	
Depreciation	<u>(528,590)</u>	
Capital assets, net of depreciation		190,396
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable		(2,762,236)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are are income as they are assessed.		<u>2,025,727</u>
Net assets of governmental activities		<u>\$ 1,144,017</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 10 - RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds	\$ 276,840
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 25,528	
Depreciation expense	<u>(17,762)</u>	
Net		7,766

Repayment of bonds payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

Repayment of: Bonds payable	153,242
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Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities

Principle collected on assessments	(184,692)
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The Statement of Activities reports a gain or loss on the sale of the assets based on the proceeds received and the net book value of the assets at the time of sale. The fund statements strictly uses the proceeds as revenues. Those differences include:

Historical cost of asset disposed	(139,600)	
Accumulated depreciation of disposed asset		<u>50,281</u>
Net book value of disposed asset		<u>(89,319)</u>

Change in net assets of governmental activities	\$ <u>163,837</u>
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UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 11 - COMPONENT UNIT OMISSION

The Township has not reported the financial data of the Gregory Volunteer Firemen's Association.

REQUIRED
SUPPLEMENTARY
INFORMATION

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 155,829	\$
State shared revenues			220,069	
Licenses and permits			21,071	
Charges for services			43,056	
Sale of assets			168,627	
Other revenues			18,885	
Total revenues	431,100	431,100	627,537	196,437
EXPENDITURES				
Township board	5,000	5,000	4,313	687
Supervisor	20,900	20,900	20,184	716
Elections	2,500	5,110	5,103	7
Assessor	26,200	23,400	23,344	56
Auditor	6,500	7,000	7,000	
Clerk	20,850	20,850	20,796	54
Attorney	25,000	14,063	7,550	6,513
Board of review	2,900	5,200	4,539	661
Treasurer	24,150	24,150	23,794	356
Buildings and grounds	21,100	27,400	26,776	624
Cemetery	6,350	6,350	6,325	25
Unallocated	37,050	35,450	35,966	(516)
Drains at large	20,000	15,500	14,037	1,463
Roads	82,000	89,427	89,426	1
Planning	15,832	15,232	11,027	4,205
Zoning	18,320	22,620	23,060	(440)
Total expenditures	334,652	337,652	323,240	14,412
Excess of revenues over (under) expenditures	96,448	93,448	304,297	210,849
OTHER FINANCING SOURCES (USES)				
Transfers (out)			(389,806)	(389,806)
Excess of revenues over (under) expenditures and other financing sources (uses)	96,448	93,448	(85,509)	(178,957)
FUND BALANCE, APRIL 1, 2004	481,946	481,946	481,946	
FUND BALANCE, MARCH 31, 2005	\$ 578,394	\$ 575,394	\$ 396,437	\$ (178,957)

UNADILLA TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$	\$	\$ 95,758	\$
Grant - federal			22,975	
Grant - state			3,800	
Charges for services			1,926	
Interest			919	
Total revenues	<u>84,200</u>	<u>84,200</u>	<u>125,378</u>	<u>41,178</u>
EXPENDITURES				
Salaries			34,374	
Payroll taxes			2,600	
Sewer assessment			723	
Supplies			5,726	
Telephone			2,344	
Internet service			475	
Mileage			1,110	
Training			1,568	
Insurance			17,349	
Utilities			3,550	
Repairs and maintenance			19,024	
Miscellaneous			1,764	
Dues			125	
Capital outlay			28,934	
Total expenditures	<u>121,348</u>	<u>120,348</u>	<u>119,666</u>	<u>682</u>
Excess of revenues over (under) expenditures	(37,148)	(36,148)	5,712	41,860
OTHER FINANCING SOURCES (USES)				
Transfers in			190,289	190,289
Excess of revenues over (under) expenditures and other financing sources	(37,148)	(36,148)	196,001	232,149
FUND BALANCE, APRIL 1, 2004				
FUND BALANCE, MARCH 31, 2005	<u>\$ (37,148)</u>	<u>\$ (36,148)</u>	<u>\$ 196,001</u>	<u>\$ 232,149</u>

UNADILLA TOWNSHIP
POLICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$	\$	\$ 143,617	\$
Fines and forfeitures			2,873	
Grant - state			435	
Donations			400	
Interest			27	
Total revenues	<u>118,800</u>	<u>118,800</u>	<u>147,352</u>	<u>28,552</u>
EXPENDITURES				
Salaries			115,896	
Payroll taxes			9,590	
Unemployment			18,594	
Retirement			3,300	
Health insurance			5,357	
Sewer assessment			90	
Supplies			1,739	
Telephone			4,975	
Legal			3,597	
Mileage			153	
Training			1,372	
Uniforms			1,195	
Insurance			15,820	
Utilities			2,363	
Repairs and maintenance			20,575	
Miscellaneous			4,915	
Dues			259	
Small equipment and tools			831	
Total expenditures	<u>210,022</u>	<u>211,022</u>	<u>210,621</u>	<u>401</u>
Excess of revenues over (under) expenditures	(91,222)	(92,222)	(63,269)	28,953
OTHER FINANCING SOURCES (USES)				
Transfers in			204,870	204,870
Excess of revenues over (under) expenditures and other financing sources	(91,222)	(92,222)	141,601	233,823
FUND BALANCE, APRIL 1, 2004	<u>1,369</u>	<u>1,369</u>	<u>1,369</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ (89,853)</u>	<u>\$ (90,853)</u>	<u>\$ 142,970</u>	<u>\$ 233,823</u>

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL
STATEMENTS

UNADILLA TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2005

	<u>Fire Fund</u>	<u>Police Fund</u>	<u>Police Forfeiture Fund</u>	<u>Dust Control Fund</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 189,490	\$ 132,954	\$ 725	\$ 138
Taxes receivable	7,654	11,480		2
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u>1</u>
Total assets	<u>\$ 197,144</u>	<u>\$ 144,434</u>	<u>\$ 725</u>	<u>\$ 141</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 1,143	\$ 1,464	\$	\$
FUND BALANCE	<u>196,001</u>	<u>142,970</u>	<u>725</u>	<u>141</u>
Total liabilities and fund balance	<u>\$ 197,144</u>	<u>\$ 144,434</u>	<u>\$ 725</u>	<u>\$ 141</u>

<u>Street Lighting Fund</u>	<u>Totals</u>
\$ 6,608	\$ 329,915
852	19,988
<u> </u>	<u> 1</u>
<u>\$ 7,460</u>	<u>\$ 349,904</u>

\$ 598	\$ 3,205
<u>6,862</u>	<u>346,699</u>
<u>\$ 7,460</u>	<u>\$ 349,904</u>

UNADILLA TOWNSHIP
ALL AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2005

	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 2,723	\$ 764	\$ 3,487
Due from others	<u> </u>	<u>785</u>	<u>785</u>
Total assets	<u>\$ 2,723</u>	<u>\$ 1,549</u>	<u>\$ 4,272</u>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 21	\$ 1,355	\$ 1,376
Due to others	<u>2,702</u>	<u>194</u>	<u>2,896</u>
Total liabilities	<u>\$ 2,723</u>	<u>\$ 1,549</u>	<u>\$ 4,272</u>

UNADILLA TOWNSHIP
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2005

	Fire Fund	Police Fund	Police Forfeiture Fund	Dust Control Fund
REVENUES				
Property taxes	\$ 95,758	\$ 143,617	\$	\$
Special assessments				26
Fines and forfeitures		2,873	4,130	
Charges for services	1,926			
Grant income	26,775	435		
Donations		400		
Interest	<u>919</u>	<u>27</u>	<u>7</u>	<u>1</u>
Total revenues	<u>125,378</u>	<u>147,352</u>	<u>4,137</u>	<u>27</u>
EXPENDITURES				
Fire protection	119,666			
Police protection		210,621	4,002	
Dust control				100
Street lighting	<u></u>	<u></u>	<u></u>	<u></u>
Total expenditures	<u>119,666</u>	<u>210,621</u>	<u>4,002</u>	<u>100</u>
Excess of revenues over (under) expenditures	5,712	(63,269)	135	(73)
OTHER FINANCING SOURCES				
Transfers in	<u>190,289</u>	<u>204,870</u>	<u>590</u>	<u></u>
Excess of revenues over (under) expenditures and other financing sources	196,001	141,601	725	(73)
FUND BALANCE, APRIL 1, 2004	<u></u>	<u>1,369</u>	<u></u>	<u>214</u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 196,001</u>	<u>\$ 142,970</u>	<u>\$ 725</u>	<u>\$ 141</u>

<u>Street Lighting Fund</u>	<u>Totals</u>
\$	\$ 239,375
5,577	5,603
	7,003
	1,926
	27,210
	400
<u>28</u>	<u>982</u>
<u>5,605</u>	<u>282,499</u>
	119,666
	214,623
	100
<u>7,259</u>	<u>7,259</u>
<u>7,259</u>	<u>341,648</u>
(1,654)	(59,149)
	<u>395,749</u>
(1,654)	336,600
<u>8,516</u>	<u>10,099</u>
<u>\$ 6,862</u>	<u>\$ 346,699</u>

UNADILLA TOWNSHIP
ALL DEBT SERVICE FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2005

	Debt Retirement Fund	Sewer Debt Service Fund	Totals
REVENUES			
Special assessments - interest	\$	\$ 123,203	\$ 123,203
Special assessments - principal		184,692	184,692
Interest	<u>13</u>	<u>4,128</u>	<u>4,141</u>
Total revenues	13	312,023	312,036
EXPENDITURES			
Debt service	<u>1</u>	<u>280,343</u>	<u>280,344</u>
Excess of revenues over (under) expenditures	12	31,680	31,692
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(5,943)</u>	<u></u>	<u>(5,943)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(5,931)	31,680	25,749
FUND BALANCE, APRIL 1, 2004	<u>5,931</u>	<u>915,314</u>	<u>921,245</u>
FUND BALANCE, MARCH 31, 2005	<u>\$</u>	<u>\$ 946,994</u>	<u>\$ 946,994</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

UNADILLA TOWNSHIP
GENERAL FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 355,225	
Taxes receivable	15,323	
State shared revenues receivable	33,010	
Due from others	1,001	
Due from other funds	<u>1,375</u>	
Total assets		<u>\$ 405,934</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 4,445	
Payroll taxes payable	<u>5,052</u>	
Total liabilities		9,497

FUND BALANCE

		<u>396,437</u>
Total liabilities and fund balance		<u>\$ 405,934</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$ 155,829	\$
State shared revenues		220,069	
Licenses and permits		21,071	
Charges for services		43,056	
Sale of assets		168,627	
Other revenues		<u>18,885</u>	
Total revenues	<u>431,100</u>	<u>627,537</u>	<u>196,437</u>
EXPENDITURES			
Township board	5,000	4,313	687
Supervisor	20,900	20,184	716
Elections	5,110	5,103	7
Assessor	23,400	23,344	56
Auditor	7,000	7,000	
Clerk	20,850	20,796	54
Attorney	14,063	7,550	6,513
Board of review	5,200	4,539	661
Treasurer	24,150	23,794	356
Buildings and grounds	27,400	26,776	624
Cemetery	6,350	6,325	25
Unallocated	35,450	35,966	(516)
Drains at large	15,500	14,037	1,463
Roads	89,427	89,426	1
Planning	15,232	11,027	4,205
Zoning	<u>22,620</u>	<u>23,060</u>	<u>(440)</u>
Total expenditures	<u>337,652</u>	<u>323,240</u>	<u>14,412</u>
Excess of revenues over (under) expenditures (uses)	93,448	304,297	210,849
OTHER FINANCING SOURCES (USES)			
Transfers (out)		<u>(389,806)</u>	<u>(389,806)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	93,448	(85,509)	(178,957)
FUND BALANCE, APRIL 1, 2004	<u>481,946</u>	<u>481,946</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 575,394</u>	<u>\$ 396,437</u>	<u>\$ (178,957)</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PROPERTY TAXES	<u>\$ 161,800</u>	<u>\$ 155,829</u>	<u>\$ (5,971)</u>
STATE SHARED REVENUES	<u>214,000</u>	<u>220,069</u>	<u>6,069</u>
LICENSES AND PERMITS			
Dog licenses		254	
Licenses and permits		11,910	
Cable franchise		<u>8,907</u>	
Total licenses and permits	<u>17,800</u>	<u>21,071</u>	<u>3,271</u>
CHARGES FOR SERVICES			
Right of way fees		4,338	
Tax administrative fees		31,305	
Liquor license fees		1,330	
Tax collection fees		<u>6,083</u>	
Total charges for services	<u>33,100</u>	<u>43,056</u>	<u>9,956</u>
SALE OF ASSETS		<u>168,627</u>	<u>168,627</u>
OTHER REVENUES			
Interest		5,631	
Recycling grant		755	
Rental income		2,700	
Reimbursements		7,540	
Miscellaneous		<u>2,259</u>	
Total other revenues	<u>4,400</u>	<u>18,885</u>	<u>14,485</u>
Total revenues	<u>\$ 431,100</u>	<u>\$ 627,537</u>	<u>\$ 196,437</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD	<u>\$ 5,000</u>	<u>\$ 4,313</u>	<u>\$ 687</u>
 SUPERVISOR			
Salary		20,000	
Miscellaneous		<u>184</u>	
Total supervisor	<u>20,900</u>	<u>20,184</u>	<u>716</u>
 ELECTIONS			
Salaries		2,852	
Supplies		1,822	
Miscellaneous		<u>429</u>	
Total elections	<u>5,110</u>	<u>5,103</u>	<u>7</u>
 ASSESSOR			
Salaries		196	
Contract		22,000	
Supplies		96	
Miscellaneous		<u>1,052</u>	
Total assessor	<u>23,400</u>	<u>23,344</u>	<u>56</u>
 CLERK			
Salaries		20,000	
Supplies		536	
Miscellaneous		<u>260</u>	
Total clerk	<u>20,850</u>	<u>20,796</u>	<u>54</u>
 ATTORNEY	<u>14,063</u>	<u>7,550</u>	<u>6,513</u>
 AUDITOR	<u>7,000</u>	<u>7,000</u>	
 BOARD OF REVIEW			
Salaries		3,800	
Publishing		387	
Miscellaneous		<u>352</u>	
Total board of review	<u>5,200</u>	<u>4,539</u>	<u>661</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TREASURER			
Salaries		20,000	
Tax bill preparation		3,317	
Miscellaneous		<u>477</u>	
Total treasurer	<u>24,150</u>	<u>23,794</u>	<u>356</u>
BUILDING AND GROUNDS			
Maintenance		3,303	
Telephone and utilities		7,444	
Insurance and bonds		13,760	
Rental		629	
Miscellaneous		<u>1,640</u>	
Total building and grounds	<u>27,400</u>	<u>26,776</u>	<u>624</u>
CEMETERY	<u>6,350</u>	<u>6,325</u>	<u>25</u>
UNALLOCATED			
Salaries		12,141	
Capital outlay		3,023	
Payroll taxes		2,154	
Retirement		5,593	
Supplies		2,186	
Publishing		2,049	
Dues		1,835	
Miscellaneous		3,830	
Clean up day		<u>3,155</u>	
Total unallocated	<u>35,450</u>	<u>35,966</u>	<u>(516)</u>
DRAINS AT LARGE	<u>15,500</u>	<u>14,037</u>	<u>1,463</u>
ROADS	<u>89,427</u>	<u>89,426</u>	<u>1</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PLANNING			
Salaries		3,788	
Payroll taxes		350	
Legal		1,052	
Consulting		5,300	
Miscellaneous		<u>537</u>	
Total planning	<u>15,232</u>	<u>11,027</u>	<u>4,205</u>
ZONING			
Salaries		13,617	
Payroll taxes		600	
Legal		6,416	
Consulting		838	
Publishing		1,496	
Mileage		<u>93</u>	
Total zoning	<u>22,620</u>	<u>23,060</u>	<u>(440)</u>
Total expenditures	<u>\$ 337,652</u>	<u>\$ 323,240</u>	<u>\$ 14,412</u>

FIRE
FUND

UNADILLA TOWNSHIP
FIRE FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$ 189,490
Taxes receivable	<u>7,654</u>

Total assets

\$ 197,144

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,143
------------------	----------

FUND BALANCE

196,001

Total liabilities and fund balance

\$ 197,144

UNADILLA TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 95,758	\$
Grant - federal		22,975	
Grant - state		3,800	
Charges for services		1,926	
Interest		<u>919</u>	
Total revenues	<u>84,200</u>	<u>125,378</u>	<u>41,178</u>
EXPENDITURES			
Salaries		34,374	
Payroll taxes		2,600	
Sewer assessment		723	
Supplies		5,726	
Telephone		2,344	
Internet service		475	
Mileage		1,110	
Training		1,568	
Insurance		17,349	
Utilities		3,550	
Repairs and maintenance		19,024	
Miscellaneous		1,764	
Dues		125	
Capital outlay		<u>28,934</u>	
Total expenditures	<u>120,348</u>	<u>119,666</u>	<u>682</u>
Excess of revenues over (under) expenditures	(36,148)	5,712	41,860
OTHER FINANCING SOURCES (USES)			
Transfers in		<u>190,289</u>	<u>190,289</u>
Excess of revenues over (under) expenditures and other financing sources	(36,148)	196,001	232,149
FUND BALANCE, APRIL 1, 2004			
FUND BALANCE, MARCH 31, 2005	<u>\$ (36,148)</u>	<u>\$ 196,001</u>	<u>\$ 232,149</u>

POLICE
FUND

UNADILLA TOWNSHIP
POLICE FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$ 132,954	
Taxes receivable	<u>11,480</u>	
Total assets		<u>\$ 144,434</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,464
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FUND BALANCE

142,970

Total liabilities and fund balance	<u>\$ 144,434</u>
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UNADILLA TOWNSHIP
POLICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 143,617	\$
Fines and forfeitures		2,873	
Grant - state		435	
Donations		400	
Interest		27	
Total revenues	<u>118,800</u>	<u>147,352</u>	<u>28,552</u>
EXPENDITURES			
Salaries		115,896	
Payroll taxes		9,590	
Unemployment		18,594	
Retirement		3,300	
Health insurance		5,357	
Sewer assessment		90	
Supplies		1,739	
Telephone		4,975	
Legal		3,597	
Mileage		153	
Training		1,372	
Uniforms		1,195	
Insurance		15,820	
Utilities		2,363	
Repairs and maintenance		20,575	
Miscellaneous		4,915	
Dues		259	
Small equipment and tools		831	
Total expenditures	<u>211,022</u>	<u>210,621</u>	<u>401</u>
Excess of revenues over (under) expenditures	(92,222)	(63,269)	28,953
OTHER FINANCING SOURCES (USES)			
Transfers in		204,870	204,870
Excess of revenues over (under) expenditures and other financing sources	(92,222)	141,601	233,823
FUND BALANCE, APRIL 1, 2004	<u>1,369</u>	<u>1,369</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ (90,853)</u>	<u>\$ 142,970</u>	<u>\$ 233,823</u>

POLICE
FORFEITURE
FUND

UNADILLA TOWNSHIP
POLICE FORFEITURE FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS
Cash

\$ 725

FUND BALANCE

FUND BALANCE

\$ 725

UNADILLA TOWNSHIP
POLICE FORFEITURE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2005

REVENUES		
Drug forfeitures	\$ 4,130	
Interest income	<u>7</u>	
Total revenues		\$ 4,137
EXPENDITURES		
Supplies		<u>4,002</u>
Excess of revenues over expenditures		135
OTHER FINANCING SOURCES		
Transfers in		<u>590</u>
Excess of revenues over expenditures and other financing sources		725
FUND BALANCE, APRIL 1, 2004		<u> </u>
FUND BALANCE, MARCH 31, 2005		<u><u>\$ 725</u></u>

DUST
CONTROL
FUND

UNADILLA TOWNSHIP
DUST CONTROL FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$	138
Due from other funds		1
Taxes receivable		<u>2</u>

Total assets

\$ 141

FUND BALANCE

FUND BALANCE

\$ 141

UNADILLA TOWNSHIP
DUST CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2005

REVENUES	
Special assessments	\$ 26
Interest income	<u>1</u>
Total revenues	27
EXPENDITURES	
Miscellaneous	<u>100</u>
Excess of revenues over (under) expenditures	(73)
FUND BALANCE, APRIL 1, 2004	<u>214</u>
FUND BALANCE, MARCH 31, 2005	<u><u>\$ 141</u></u>

STREET LIGHTING
FUND

UNADILLA TOWNSHIP
STREET LIGHTING FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash and cash equivalents
Taxes receivable

\$ 6,608
852

Total assets

\$ 7,460

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 598

FUND BALANCE

6,862

Total liabilities and fund balance

\$ 7,460

UNADILLA TOWNSHIP
STREET LIGHTING FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2005

REVENUES	
Special assessments	\$ 5,577
Interest	<u>28</u>
Total revenues	5,605
EXPENDITURES	
Street lighting	<u>7,259</u>
Excess of revenues over (under) expenditures	(1,654)
FUND BALANCE, APRIL 1, 2004	<u>8,516</u>
FUND BALANCE, MARCH 31, 2005	<u><u>\$ 6,862</u></u>

DEBT
RETIREMENT
FUND

UNADILLA TOWNSHIP
DEBT RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2005

REVENUES	
Interest income	\$ 13
EXPENDITURES	
Miscellaneous	<u>1</u>
Excess of revenues over expenditures	12
OTHER FINANCING (USES)	
Transfers (out)	<u>(5,943)</u>
Excess of revenues over expenditures and other financing (uses)	(5,931)
FUND BALANCE, APRIL 1, 2004	<u>5,931</u>
FUND BALANCE, MARCH 31, 2005	<u><u>\$</u></u>

SEWER
DEBT SERVICE
FUND

UNADILLA TOWNSHIP
SEWER DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 917,776
Due from county	<u>29,218</u>

Total current assets	\$ 946,994
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DEFERRED SPECIAL ASSESSMENT RECEIVABLE	<u>2,025,727</u>
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Total assets	<u>\$ 2,972,721</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 2,025,727
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FUND BALANCE	<u>946,994</u>
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Total liabilities and fund balance	<u>\$ 2,972,721</u>
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UNADILLA TOWNSHIP
SEWER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2005

REVENUES	
Special assessment interest	\$ 123,203
Special assessment principal	184,692
Interest income	<u>4,128</u>
Total revenues	<u>312,023</u>
EXPENDITURES	
Audit fees	1,500
Bond principal	153,242
Bond interest	124,746
Project costs	749
Bank charges	<u>106</u>
Total expenditures	<u>280,343</u>
Excess of revenues over (under) expenditures	31,680
FUND BALANCE, APRIL 1, 2004	<u>915,314</u>
FUND BALANCE, MARCH 31, 2005	<u><u>\$ 946,994</u></u>

TRUST
AND
AGENCY
FUND

UNADILLA TOWNSHIP
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS
Cash

\$ 2,723

LIABILITIES

LIABILITIES
Due to other funds
Due to others

\$ 21
2,702

Total

\$ 2,723

CURRENT
TAX
COLLECTION
FUND

UNADILLA TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$	764	
Due from others		<u>785</u>	
Total assets			<u>\$ 1,549</u>

LIABILITIES

LIABILITIES

Due to other funds	\$	1,355	
Due to others		<u>194</u>	
Total liabilities			<u>\$ 1,549</u>

UNADILLA TOWNSHIP

COMMUNICATION OF REPORTABLE
CONDITIONS TO MANAGEMENT
-IDENTIFICATION OF MATERIAL WEAKNESS

FOR THE YEAR ENDED MARCH 31, 2005



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
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Members:
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July 15, 2005

Board of Trustees
Unadilla Township
126 Webb Street
P O Box 120
Gregory, Michigan 48137

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of Unadilla Township for the year ended March 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Unadilla Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the following reportable conditions that we believe to be material weaknesses are:

- Unadilla Townships Gregory Volunteer Firemen Fund is required to be part of the Townships reporting entity. All transactions should be recorded by Unadilla Township, including oversight by the Township Board.
- The Sewer Debt Service Fund should be continually analyzed for the adequacy of sufficient resources to pay the outstanding bonds.

This report is intended solely for the information and use of Unadilla Township, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants